



## ***DCU BULLETIN***

***Division of Credit Unions***

***Washington State Department of Financial Institutions***

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January 23, 2014

No. B-14-03

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### **Final Rule on Reasonable Compensation**

A Washington state chartered credit union was authorized to pay reasonable compensation to its directors and supervisory committee members, effective July 28, 2013, in accordance with RCW 31.12.365. Any credit union currently paying compensation to its directors or supervisory committee members should review the final rule and take steps to comply with the new rule before its effective date.

#### **Rule-Making Process**

In accordance with RCW 31.12.365(2), the Director of Credit Unions led the rule-making process to interpret reasonable compensation with the following rule-making steps:

- held public meetings in 2013 on June 20, August 27, September 26, and October 24;
- filed the CR-101 on August 5, 2013; and
- held the CR-102 hearing on January 7, 2014.

All comments were considered throughout the rule-making process and are summarized in the Concise Explanatory Statement.

#### **Rule Becomes Effective on February 23, 2014**

On January 22, 2014, the Department of Financial Institutions (DFI) filed the final rule (CR-103, WSR 13-04-132) on reasonable compensation with the Washington State Register. The new rule on reasonable compensation will be effective February 23, 2014. The rule was moved to a new Chapter 208-400 Washington Administrative Code for corporate governance matters.

The adopted rule language, the CR-103 final rule for reasonable compensation, and the Concise Explanatory Statement are attached. In addition, copies of these documents and the other rule-

making documents pertaining to reasonable compensation are available on the DFI's website at: <http://dfi.wa.gov/cu/rulemaking.htm>

**Required Written Notice to the Director**

A Washington state chartered credit union is required to provide written notice to the Director of Credit Unions of its intent to adopt a policy to compensate directors or supervisory committee members at least 60 days before adopting such a policy. The written notice should state the date the compensation policy was approved by its directors and the date of the first payment in compensation. The written notice is a public document.

**Contact Person**

For questions regarding reasonable compensation, please contact Linda Jekel, Director of Credit Unions at 360-902-8778 or email [linda.jekel@dfi.wa.gov](mailto:linda.jekel@dfi.wa.gov) .